

RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF
SANTA BARBARA APPROVING A TAX-EXEMPT BOND
FINANCING TO BE ISSUED BY THE CALIFORNIA
STATEWIDE COMMUNITIES DEVELOPMENT
AUTHORITY TO BENEFIT SANTA BARBARA COTTAGE
HOSPITAL AND AFFILIATES

WHEREAS, Santa Barbara Cottage Hospital ("SBCH"), an affiliate of Cottage Health System (the "Borrower"), both nonprofit public benefit corporations based in Santa Barbara, California, has requested that the California Statewide Communities Development Authority (the "Authority") issue bonds in one or more series in an aggregate principal amount not to exceed \$285,000,000 (the "Bonds") all or a portion of the proceeds of which will be used for the purpose of, among other things, financing or refinancing the acquisition, construction, improvement, equipping, renovation, rehabilitation, and remodeling (the "Financing") of certain health facilities owned or operated by SBCH or its affiliates (the "Facilities") located in the City of Santa Barbara (the "City");

WHEREAS, pursuant to Section 147(f) of the Internal Revenue Code of 1986 (the "Code"), the issuance of the Bonds by the Authority must be approved by the City because the Facilities are located within the territorial limits of the City;

WHEREAS, the City Council of the City (the "Council") is the elected legislative body of the City and is one of the applicable elected representatives required to approve the issuance of the Bonds under Section 147(f) of the Code;

WHEREAS, the Authority has requested that the Council approve the issuance of the Bonds by the Authority in order to satisfy the public approval requirement of Section 147(f) of the Code and the requirements of Section 9 of the Amended and Restated Joint Exercise of Powers Agreement, dated as of June 1, 1988 (the "Agreement"), among certain local agencies, including the City;

WHEREAS, the Authority is also requesting that the City approve the issuance of any refunding bonds hereafter issued by the Authority for the purpose of refinancing the Bonds which financed the Facilities (the "Refunding Bonds"), but only in such cases where federal tax laws would not require additional consideration or approval by the City Council;

WHEREAS, Section 8 of the Agreement provides that "[t]he Bonds, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Program Participant... or pledge of the faith and credit of the Program Participants...the Program Participants (e.g., the City)... shall [not] be obligated to pay the principal of, premium, if any, or interest on the Bonds, or other costs incidental thereto...". The Agreement also expressly provides that CSCDA is a public entity separate and apart

from the Program Participants, and “[i]ts debts, liabilities and obligations do not constitute debts, liabilities or obligations of any party to [the] Agreement”;

WHEREAS, Accordingly, the Bonds proposed to be issued for the Financing will be indebtedness of CSCDA, and the City will not be asked to approve or execute any of the documents relating to the Financing. Moreover, the disclosure prepared for the Financing which will be used to market the Bonds will not have any information regarding the City and will not include the City’s name (other than possibly with respect to where the project is located);

WHEREAS, In order to further limit CSCDA’s financial liability and that of its Program Participants, CSCDA requires that in connection with the loan of bond proceeds to the Borrower, the Borrower must indemnify CSCDA and the applicable Program Participant (i.e., the City) from all losses, damages, claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character relating to the Bonds and project; and

WHEREAS, pursuant to Section 147(f) of the Code, the Council has, following notice duly given, held a public hearing regarding the issuance of the Bonds, and now desires to approve the issuance of the Bonds by the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SANTA BARBARA AS FOLLOWS:

SECTION 1. The Council hereby approves the issuance of the Bonds and Refunding Bonds by the Authority. It is the purpose and intent of the Council that this Resolution constitute approval of the issuance of the Bonds by the Authority, for the purposes of (a) Section 147(f) of the Code by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Facilities are to be located, in accordance with said Section 147(f) and (b) Section 9 of the Agreement.

SECTION 2. The officers of the City are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents which they deem necessary or advisable in order to carry out, give effect to and comply with the terms and intent of this Resolution and the financing transaction approved hereby.